

Message Text

MRN: 1974RABAT 002565 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX

FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

ADP000

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ACTION SS-30

INFO OCT-01 ISO-00 NSCE-00 SSO-00 /031 W

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FM AMEMBASSY RABAT

TO SECSTATE WASHDC IMMEDIATE 2136

INFO CINCEUR IMMEDIATE

SECDEF ISA IMMEDIATE

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EXDIS

11. I FURTHER EXPLAINED OUR SUPPLY PROBLEM WHICH IN PART WAS THE RESULT OF ROLE WHICH AMERICAN NOW PLAYING IN MIDDLE EAST SETTLEMENT. EVERYBODY NOW WANTED AMERICAN EQUIPMENT. WHILE SUPPLY SITUATION WOULD EVENTUALLY IMPROVE, FOR TIME BEING I HAD TO GO BY THE LEAD TIMES WHICH MY EXPERTS GAVE ME, ALTHOUGH THEY WERE ADMITTEDLY PESSIMISTIC. I GAVE IT AS MY PURELY PERSONAL VIEW THAT GREATER DEMANDS ON OUR SUPPLY LINES WERE CREATING DIFFICULTIES NOW BUT WOULD EVENTUALLY RESULT IN SHORTER DELIVERY TIMES AS FACTORIES GEARED THEMSELVES TO MEET THOSE DEMANDS.

12. MET WITH MINISTER OF FOREIGN AFFAIRS AT 1800 LOCAL, ACCOMPAINED BY DCM, ECONOMIC COUNSELOR AND CHIEF MUSLO. FOREIGN MINISTER HAD SECRETARY OF STATE FOR FINANCE, SECRETARY GENERAL OF MINISTRY OF DEFENSE (ACHABAR) AND DIRECTOR OF CABINET WITH HIM. DISCUSSION LASTING ONE HOUR DEVOTED ENTIRELY TO TECHINCIAL DETAILS OF CREDIT OFFIERS. WE SUCCESSFULLY SEPARATED QUESTION OF \$12 MILLION IN USG GUARANTEED FMS CREDIT FROM PURELY COMMERCIAL OFFERS AND BELIEVE WE NOW HAVE GOM ADEQUATELY BRIEFED. TONE OF MEETING FREINDLY, COMPARED TO SOMBER MOOD OF MEETING WITH KING THIS MORNING, BUT IT CLEAR THERE ARE SEVERAL THINGS PRECOCCUPYING MOROCCANS:

A. COL. ACHABAR OBVIOUSLY TROUBLED BY CHANGE FROM DIRECT TO GUARANTEED FMS CREDITS BEING OFFERED

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THIS YEAR AS OPPOSED TO LAST. MOROCCANS WOULD BE MUCH HAPPIER DEALING WITH DIRECT GOVERNMENT CREDIT THAN WITH PRIVATE CREDIT, EVEN IF GUARANTEED BY USG. WHILE WE EXPLAINED NEED TO RESORT TO PRIVATE SECTOR TO EXPAND CREDIT FACILITIES WE COULD OFFER IN WAKE EXTENSIVE COMMITMENTS OF LAST FALL, ACHABAR BEMUSED BY FACT THAT TYPE OF CREDIT CHANGED JUST AS MOROCCANS CAME TO US FOR MORE HELP. HE OBVIOUSLY SUSPECTS SINISTER MOTIVE.

B. MINISTRY OF FINANCE REPRESENTATIVE AND FOREIGN MINISTER QUITE PROPERLY CONCERNED ABOUT RATES OF INTEREST, GRACE PERIODS AND REPAYMENT PERIODS. CURRENT TERMS SEEM VERY STIFF TO THEM. WE SUSPECT THEIR REACTION IN PART DUE TO FACT AHTY REPORTEDLY HAVE OFFER ON MUCH EASIER TERMS (6.5 PERCENT AS OPPOSED TO ROUGHLY 13.5 PERCENT WE OFFEREING) FROM FRENCH.

13. IT WAS AGREED THAT CHIEF MUSLO, WHO RETURNING TO WASHINGTON ON CONSULTATION THIS WEEKEND, WOULD GATHER VARIOUS OFFERS AND PRESENT THEM TO MINISTER OF FINANCE ABDELQADR BINSLIMANE, WHO WILL BE IN WASHINGTON NEXT WEEK. WE WILL TRY TO GET MOROCCANS PINNED DOWN BY END OF NEXT WEEK OR BEGINNING OF FOLLOWING WEEK AS TO WHETHER THEY ACCEPT OUR \$12 MILLION FMS OFFER. WE ARE GOING TO HAVE HARD TIME, HOWEVER, FOR SEVERAL REASONS:

A. WE ARE NOT OFFERING THE EQUIPMENT ORIGINALLY REQUESTED BY MOROCCANS, AND, IN ORDER TO MEET THIER REQUIREMENTS FOR RAPID DELIVERY, WILL HAVE TO PROVIDE (WE UNDERSTAND INFORMALLY) TANKS WHICH ARE NOT EVEN RECONDITIONED BUT HAVE BEEN TAKEN DIRECTLY FROM RESERVE UNITS.

B. OUR CREDIT TERMS WILL BE CONSIDERABLY STIFFER THAN THEY CAN GET ELSEWHERE.

C. MOROCCANS DO NOT UNDERSTAND WHY WE CAN BE SO GENEROUS IN MIDDLE EAST AND NOT GIVEN THEM MORE.

14. COMMENTS ON SITUATION FOLLOWING IN SEPTEL.

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NEUMANN

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O, MR SARROS.

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